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JACK ANDERSON and DALE VAN ATTA

CIA Shipped Arms From Brazil, India

For more than 10 years the Central Intelligence Agency has used a Maryland bank for secret arms shipments to "clients" around the world. Purchase records obtained by our associates Corky Johnson and Donald Goldberg detail arms transactions totaling \$21 million through the First National Bank of Maryland in Baltimore. Two shipments worth a total of \$5 million involved the purchase and delivery of about 100,000 rifles in a complex transaction apparently winked at by the bank management.

The rifle shipments originated in Brazil and India, according to the documents, but the destinations listed are suspect. Several ports were crossed out on the original shipping papers and new destinations written in.

The arms deals were initiated by a CIA front called Associated Traders, and handled by Sherwood International Export Corp., a large arms broker licensed with the State Department. Sherwood has offices in Los Angeles, Miami, London and Washington, D.C.

The bills of lading indicate that Associated bought 60,000 rifles from the Indian Defense Ministry for \$3.6 million in September 1983. The original destination was given as Portugal, but a corrected listing showed the destination as "Any U[nited] K[ingdom] Port." Sources told us the rifles undoubtedly were delivered to Mujaheddin guerrillas fighting Soviet occupation forces in Afghanistan.

A year earlier, Associated bought \$1.8 million in rifles from Brazil. There was an additional \$1

million purchase of "merchandise" from Brazil that listed Baltimore as the destination. Shipping Brazilian guns to Maryland makes little sense; observers in Nicaragua say the CIA-backed rebels known as contras there have been known to use Brazilian weapons in their fight against the Sandinista regime.

The Brazilian and Indian arms transactions were handled through Sherwood, which, records show, was the purchase and transfer agent for Associated on several major arms deals. In the past, Sherwood president Michael Kokin has denied that his company worked with the CIA. He did not return our calls for comment on this story.

Associated also used Shimon Ltd., a Cayman Islands firm, for weapons shipments. One of these was a \$9.4 million shipment of "technical goods"—industry jargon for military hardware—sent to Lagos, Nigeria. Lagos would be a convenient way station for weapons going to the CIA-backed Angolan rebel leader, Jonas Savimbi.

Little is known about the Shimon firm because of strict Cayman Islands secrecy laws. But it does share the same registration agent on the islands as a Sherwood subsidiary, Cromwell Ltd.

John Keating, a Bethesda attorney and director of Associated Traders, said he could not comment on any CIA connection with the company. He said he has "very secretive clients."

First National Bank officials also declined to comment. But as we have disclosed, a former bank officer, Robert Maxwell, resigned when he was unable to get written authorization from his superiors to handle the CIA front's transactions.

THE WASHINGTON POST

THURSDAY, OCTOBER 16, 1986 D.C. 11

JACK ANDERSON and JOSEPH SPEAR

Md. Bank Tied to CIA Arms Deals

The crash last week of a "mystery plane" carrying guns for the Nicaraguan counterrevolutionaries, or contras, shed some unwelcome light on the shady reality of international arms smuggling. The Central Intelligence Agency stoutly denied any hand in the incident, but the denial was greeted with widespread skepticism.

It is rare indeed that CIA involvement in the murky world of arms trading can be pinpointed beyond a reasonable doubt. But bills of lading, purchase orders, bank records and other documents obtained by our associates Corky Johnson and Donald Goldberg show conclusively that a respected Maryland bank was caught up in the web of clandestine CIA arms deals.

The documents show that for more than 10 years the First National Bank of Maryland in Baltimore has been the transfer point for millions of CIA dollars used to buy and ship military hardware around the world. Two transactions in 1982 and 1983 involved the shipping of about 100,000 rifles, worth \$5 million, to ports indicating that the weapons may have been delivered to CIA-supported rebel groups in Nicaragua, Angola and Afghanistan.

The two companies that carried out the transactions were Associated Traders Corp. of Baltimore and the Washington, D.C., office of Sherwood International Corp., a Los Angeles-based licensed arms exporter. Associated Traders used First National Bank to make payments to Sherwood for handling the arms shipments.

Associated Traders is a CIA "front," our sources

have confirmed. It was incorporated in 1969 as a Baltimore firm, but now operates in Vienna, Va., not far from CIA headquarters, in a building that houses classified federal government operations.

Robert Maxwell, a former First National senior executive, acknowledged that the bank handled the Associated Traders account with the clear understanding that the company was really the CIA.

Maxwell told us he was instructed by his bosses to do "whatever Associated Traders requested." The requests included hidden financial transfers of dubious legality. Associated transferred huge sums to offshore banks in the Cayman Islands, then to banks in Panama and finally to Switzerland, to make arms purchases difficult to trace.

Maxwell said the money laundering sidestepped normal banking procedures and may have violated federal laws, including the Bank Secrecy Act.

In a memo to his superiors in February 1985, Maxwell said an Associated employee "expressed concern at having the comptroller of the currency or any type of federal investigation learning about Associated Traders" and added: "I question if our bank should be involved."

Maxwell also complained about Associated Traders' practice of transferring large amounts without identifying itself in the authorization.

For his own protection, Maxwell demanded written authorization from his superiors to handle Associated's "requests." When he failed to get the written authorization, Maxwell resigned.

Footnote: CIA, Associated Traders, Sherwood International and First National Bank officials refused comment.

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